



**SOWN IN GENEROSITY
NURTURED WITH SERVICE
GROWING...**

Sown in generosity, nurtured with service, growing..." is the theme which best describes Intermountain Health Care in this, our tenth year. Embossed on the cover of this report is a bas relief by prominent Utah sculptor Dennis Smith, which represents the way in which our organization has taken root, progressed and achieved a strong foundation from which we can grow to meet the future needs of the people we serve. This report contains highlights of the activities of the facilities, subsidiaries, joint ventures and, most importantly, the people who make up the Intermountain Health Care family of providers. We're proud to introduce them to you.

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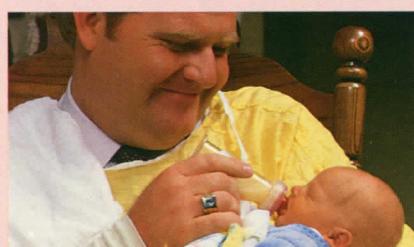
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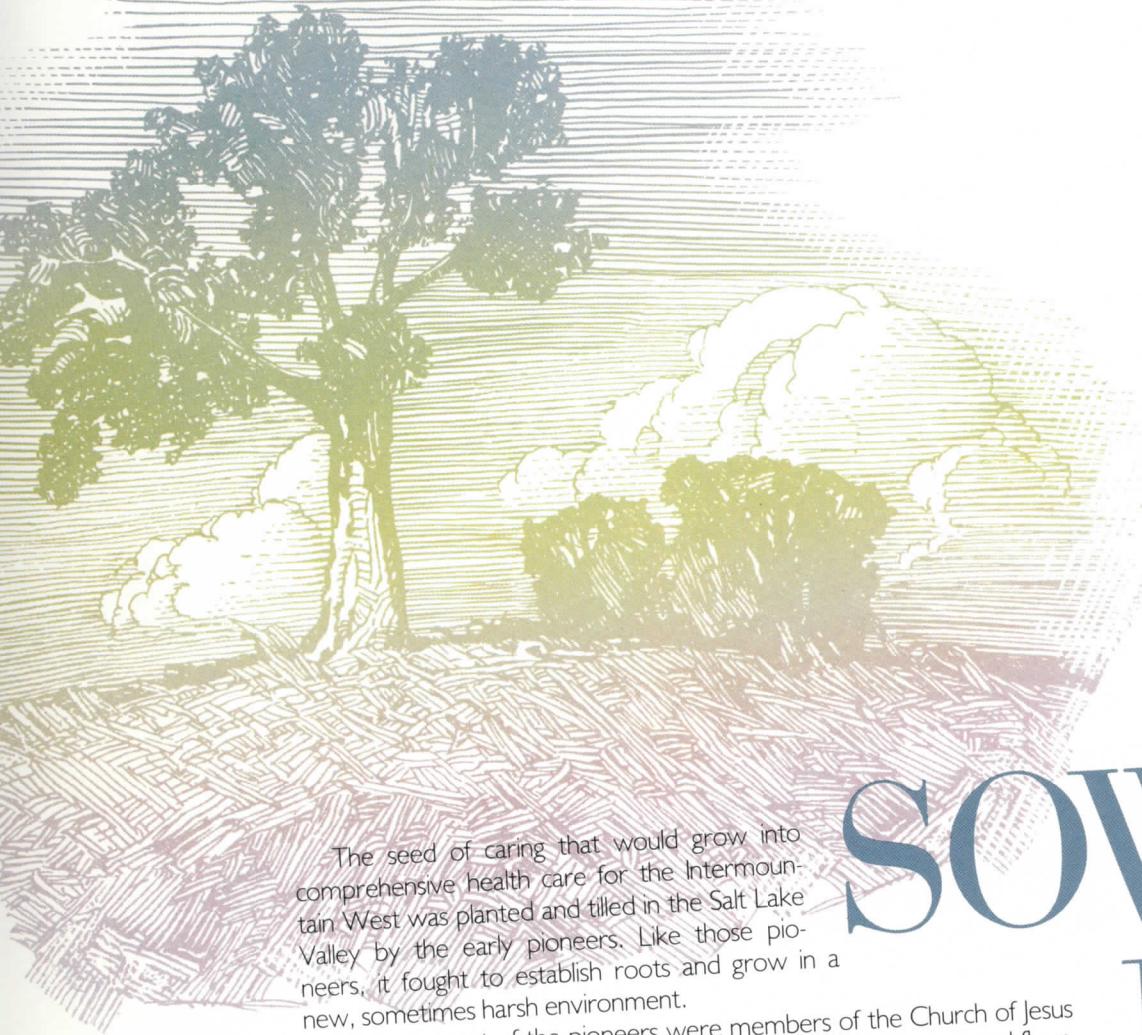
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The seed of caring that would grow into comprehensive health care for the Intermountain West was planted and tilled in the Salt Lake Valley by the early pioneers. Like those pioneers, it fought to establish roots and grow in a new, sometimes harsh environment.

Because most of the pioneers were members of the Church of Jesus Christ of Latter-day Saints, it was natural for the seed to grow and flourish under their care and direction. In the century that followed, education and technology flourished and eventually 15 hospitals, under church direction, served people from southern Utah to southeastern Idaho.

The rapidly advancing field of health care was quickly becoming a cause that could, and should, stand on its own. In 1975, LDS

Church leaders announced their decision to divest Church hospital holdings, stating that, in their words, "The Church wished to make a voluntary contribution to the public of its widespread...hospital holdings because the operation of hospitals is not central to the mission of the Church."

An independent board of trustees representing all facets of the community was appointed, and all assets and liabilities of the hospital system were transferred to it. The board in turn created Intermountain Health Care, a not-for-profit corporation, to own and operate the hospitals.

The association with the LDS Church came to an end, but the seed, originally sown in such generosity, continues to grow.

SOWN IN GENEROS



Close to 250 leaders in the communities served by IHC hospitals generously volunteer their time, effort and ideas in service on the hospitals' community boards of trustees. Under general guidelines established by IHC, they direct the operations of the hospitals, with prime responsibility for medical staff credentialing and quality assurance. They play an invaluable role in helping IHC understand and respond to the needs of their individual communities.

The IHC corporate board of trustees, consisting of 22 community leaders with diverse backgrounds in areas such as banking, industry, public utilities, education and homemaking, has guided the corporation with foresight and knowledge throughout its 10-year history. Their direction has brought IHC to its current position as a leader in the health care industry.

Their guidance through IHC's recent restructuring helped the organization position its five new subsidiaries to meet the challenges of the changing health care industry and ensure the success of IHC in the future.

Of primary importance, however, is the fact that Intermountain Health Care has served more than 1.2 million patients in our hospitals the last 10 years. A total of 261,514 babies have been born in IHC hospitals, and 653,427 people have undergone some type of surgical procedure. More than 2 million

have had a place to come in a time of emergency during these 10 years — an IHC hospital emergency room. And finally, no one with a medical need was turned away from an IHC facility based on inability to pay. IHC facilities have pro-

SERVICE

vided approximately \$14 million in charity care, \$65 million in uncollected debt, and \$122 million in services not paid for in full by both state and federal governments.

Much of this growth can be attributed to a sense of stewardship. Along with the 15-hospital system, the Church of Jesus Christ of Latter-day Saints turned a century-old tradition of caring over to IHC. It has been our goal to nurture both, and to see them grow with the population they were designed to serve.

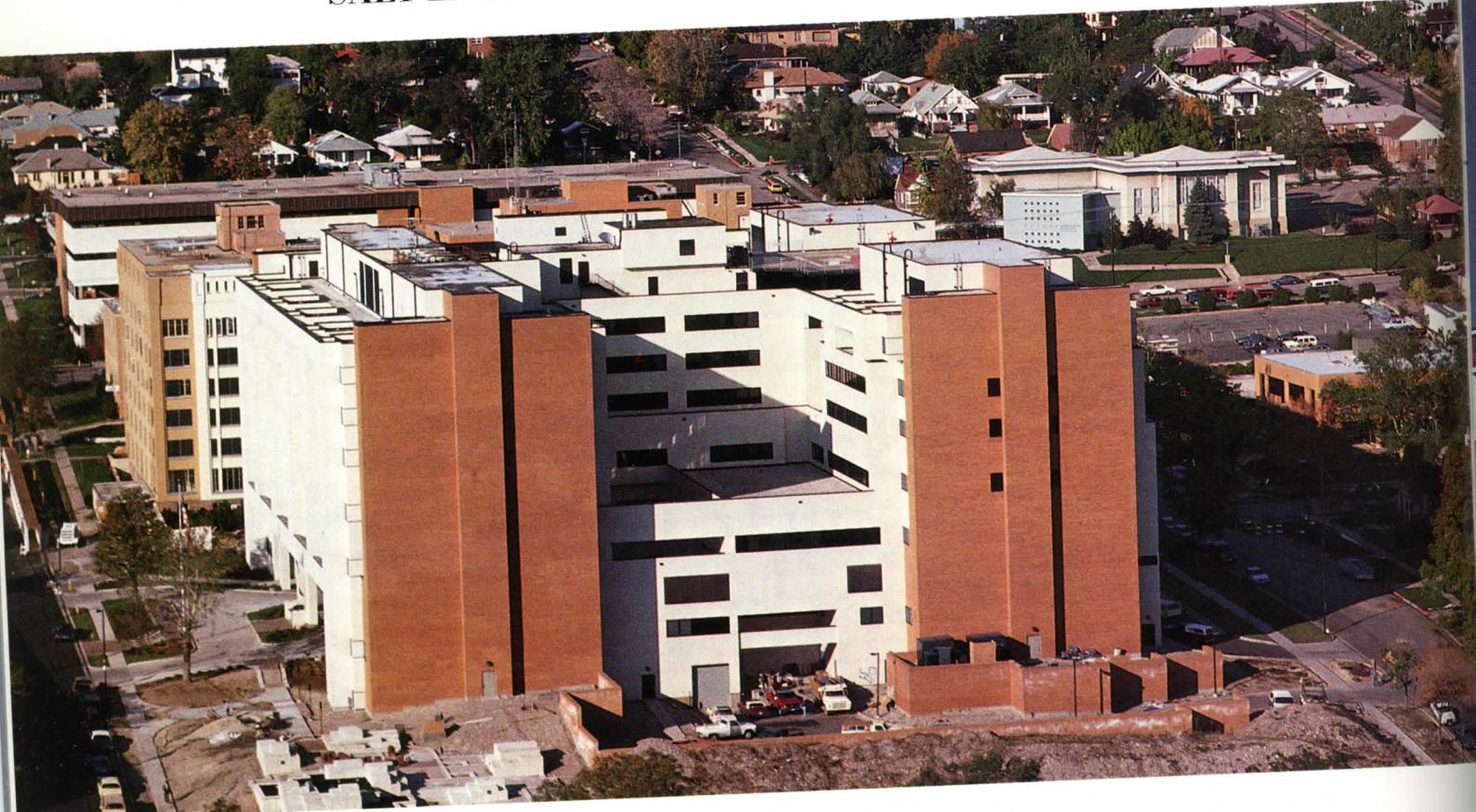
An important part of the service IHC has provided to communities in the Intermountain West in the past 10 years is the replacement or extensive remodeling of each hospital, as well as the addition of several new hospitals to the system. Construction projects totaling more than \$200 mil-

REBUILDING

lion have been launched to help keep system hospitals in step with growth in their communities, advances in medicine, and the increasing skills of physicians on their medical staffs.

IHC hospitals are organized into four regions to allow the hospitals to share services, reduce administrative costs and facilitate joint planning efforts.

SALT LAKE VALLEY REGION



LDS HOSPITAL

Dedicated in 1905, the original LDS Hospital cost \$175,000 to build. It has been remodeled and expanded continuously through the years. The completion of a \$75 million replacement wing project will bring the value of the facility, land and equipment of this 520-bed "flagship" hospital to more than \$111 million and expand its capacity for caring.

PRIMARY CHILDREN'S MEDICAL CENTER

Established in 1922, PCMC quickly became a referral center for pediatric patients from around the world. A new facility was built in 1952 — the first

hospital funded in part by donations from children. Continually remodeled and expanded since then, the Salt Lake City facility is a leader in medical education, research, pediatric cardiac care, the treatment of congenital birth defects and complications of premature birth, and much more.



COTTONWOOD HOSPITAL MEDICAL CENTER

In 1924 infant and maternal mortality rates were high in what were then considered isolated parts of the Salt Lake Valley. The area now incorporated as Murray, Utah, was quiet farm land then, and medical services were scarce. To reduce the risk of home births, the Cottonwood Stake Relief Society, a women's service auxiliary of the LDS Church, established the Cottonwood Maternity Hospital in a renovated home. A new hospital was built in 1963, and expanded by Intermountain Health Care in 1977. The attractive Center for Women's Health, adjacent to the hospital, was completed in 1984.



ALTA VIEW HOSPITAL

In addition to providing top quality primary care to communities in South Salt Lake County, this new member of IHC has won civic awards for educating and employing the handicapped. Alta View Hospital is also renowned for an extensive list of community education programs, including everything from babysitting to assertiveness training. The hospital was dedicated in 1982.



CENTRAL REGION

UTAH VALLEY REGIONAL MEDICAL CENTER

The original Utah Valley Hospital was built in an apple orchard, lending no truth to the rumor that an apple a day keeps the doctor away. Recognized for many years as the baby capital of the United States, the Provo, Utah, hospital has hosted as many as 6,000 births in one year. After recent remodeling, expansion, and the addition of a seven-story patient tower, Utah Valley Hospital became Utah Valley Regional Medical Center, a referral center for much of southern Utah.





A MERERICAN FORK HOSPITAL

From humble beginnings on the second floor of the American Fork Co-op Store Building in 1937, American Fork Hospital has matured into this modern, high quality 72-bed hospital built in 1981. In the interim, a 25-bed hospital was built and expanded several times.



O REM COMMUNITY HOSPITAL

Set on a 40-acre site, half of which is still home to a peaceful orchard, Orem Community Hospital offers

"high touch" care in its 10 medical/surgical and 10 maternity beds. The hospital, built in 1981, in Orem, Utah, was originally designed as a maternity hospital, but has since expanded capabilities to meet additional community needs.



WASATCH COUNTY HOSPITAL

Opal is 104 years old. She's been a resident in the long-term care unit at Wasatch County Hospital in

Heber City, Utah, for as long as anyone can remember, but she still hollers, "Turn the lights off when you leave!" to her visitors, because she feels like she's at home. Providing this kind of personalized primary health care is the mission of Wasatch County Hospital, a 40-bed facility leased and managed by IHC.



NORTHERN REGION

MCKAY-DEE HOSPITAL CENTER

In 1909 physicians at the Dee Memorial Hospital, Ogden, Utah, treated 895 patients, performed 481 operations and delivered five babies. The benefactress of the hospital, Annie Taylor Dee, paid for the deliveries personally to encourage women to have their babies in the hospital not only for safer deliveries, but also so nurses could be trained. The Dee family has

been central to the success of the hospital throughout its 75-year history. A long series of expansion, remodeling and replacement projects followed, and in 1971 the McKay-Dee Hospital Center was built. A recent expansion project, completed in 1984, equipped the hospital to serve as a referral center for critically ill patients in northern Utah, southern Idaho and western Wyoming.





LOGAN REGIONAL HOSPITAL

The Budge and Budge Hospital, located in an old house downtown, served the community of Logan, Utah, from 1903 to 1914. A series of expansions, a move into another downtown house, and three name changes later, the Logan LDS Hospital was built. The year was 1948. For the next 32 years, the hospital stood on a Logan hillside, struggling to keep up with the growing needs of the town's sprawling population. Finally, in 1980, a new, 148-bed facility was built by IHC, bringing the well-established tradition for caring at the Logan hospital into step with medical technology.



BEAR RIVER VALLEY HOSPITAL

When the fire marshall closed down the 50-year-old hospital serving northern Box Elder County, Utah, residents of the area were quick to react. They raised \$30,000 cash in one week, and set about convincing local, state and federal officials to pitch in the rest. A volunteer board representing nine communities secured \$960,000 in bonds and a \$600,000 Hill-Burton grant. They even convinced the local Farm Bureau to donate the land. An architect was hired, and members of the

community donated their labor to build the new 20-bed Bear River Valley Hospital. The same board selected IHC to own and manage the Tremonton, Utah, hospital in 1977.



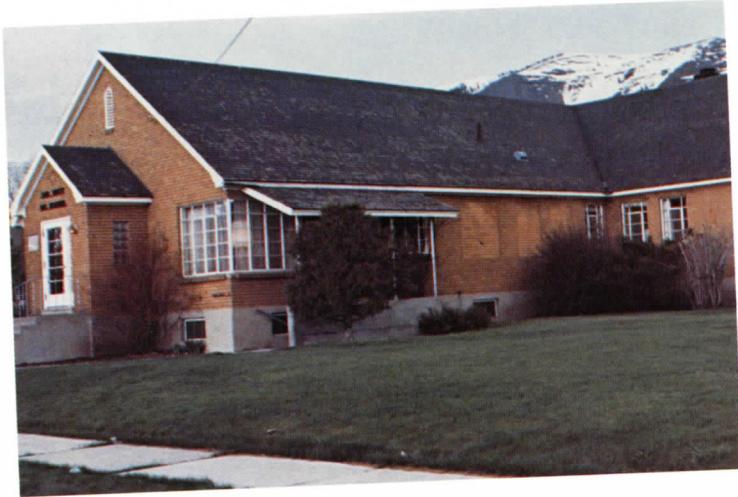
CASSIA MEMORIAL HOSPITAL AND MEDICAL CENTER

Cassia Memorial Hospital and Medical Center never stops changing, improving, remodeling and enhancing its services and facility to meet the needs of the local area. Since 1975 the 104-bed acute and long-term care facility has added an ambulatory care wing, an emergency room, a total of 14 physician offices, a rehabilitation center, a home health program, lots of new equipment, an ambulance service and a rural health clinic. The Burley, Idaho, hospital has also remodeled its ICU/CCU, nursery, outpatient facility and library.



STAR VALLEY HOSPITAL

Think big. That's how the staff of the 15-bed Star Valley Hospital in Afton, Wyo., approaches health care. With a three-man medical staff and nursing staffs of two at a time, the hospital thinks big on personal quality, caring and, most importantly, education. With a staff this small, everyone needs to know how to cooperate to meet the health needs of their isolated community. Since the new facility opened in 1980, education classes for physicians, nurses and staff members on advanced cardiac life support, CPR, patient physical assessment, trauma and intensive care nursing, OB techniques for high-risk deliveries, and other skills have been conducted.



POCATELLO REGIONAL MEDICAL CENTER

The Pocatello Regional Medical Center was built in 1982 by IHC to replace the St. Anthony Community Hospital which was established in 1918 by the Sisters of Mercy. The new, attractive hospital has been designated a regional trauma center by the state of Idaho. It also houses the only CT scanner in the region. Patients here insist they get better faster because they are able to sit outside in the sunny courtyard and enjoy a great view of the nearby mountains. In the winter, staff members volunteer to feed deer and other wildlife on the back patio, much to the delight of patients whose rooms overlook the area.



IDaho Falls CONSOLIDATED HOSPITALS

Idaho Falls Consolidated Hospitals, two secondary care hospitals with combined management and pooled resources, make up the largest medical complex in the state of Idaho. The 111-bed Parkview facility and the 257-bed Riverview facility (includes 92 long-term care beds), both located in Idaho Falls, were consolidated in 1978. In 1984 IHC entered into a joint venture agreement with another hospital system for the joint ownership of a new 246-bed regional medical center which will be built soon to replace both aging hospitals.



Parkview



Riverview



Proposed New Facility

SOUTHERN REGION

DIXIE MEDICAL CENTER

The Dixie Medical Center in St. George, Utah, was the first addition to the new IHC system. The southern Utah community built the hospital and asked IHC to manage it in 1976. IHC later purchased the hospital. A five-story, 41-bed patient care wing was added in 1983, bringing the hospital's total bed complement to 106.



VALLEY VIEW MEDICAL CENTER

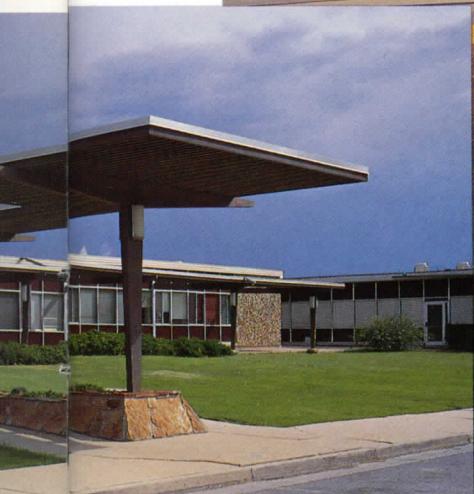
Valley View Medical Center recently remodeled and expanded its facility in response to suggestions gathered in a community opinion survey. Area residents asked for a more modern, comfortable-feeling hospital. The remodeling project toned down the clinical look of the Cedar City, Utah, hospital and added warm, welcoming decor.

In addition to a new short stay surgical area, the remodeling project added space and facilities for the hospital's growing medical staff. A radiologist, a surgeon, a second full-time emergency physician and three family practitioners have joined the staff since 1982.



SEVIER VALLEY HOSPITAL

Sevier Valley Hospital in Richfield, Utah, received a much-needed facelift and a 14-bed expansion in 1983. The expansion also created room for enhanced outpatient services including a clinic for visiting specialists in orthopedic surgery, urology, cardiology, gastroenterology and more.





GARFIELD MEMORIAL HOSPITAL AND CLINICS

Health care services for Panguitch, Utah, and the surrounding small communities used to consist of a first aid station located in a large house. Garfield Memorial Hospital was built in 1975, and has since established five rural clinics to bring primary care to residents in Panguitch, Orderville, Circleville, Escalante, Glendale and communities throughout Dixie National Forest.



IHC inherited a deep commitment to rural health care and to rural hospitals. Today, IHC is one of the few hospital systems in the country maintaining its commitment and investing its resources in smaller communities.

Along with the commitment to own, operate and support rural hospitals, IHC has pledged to develop new, innovative ways to serve rural populations. One of these programs is the construction of modular, cost-effective facilities.

Three of IHC's older rural hospitals have been replaced with modular facilities. The new units are pre-fabricated in a factory in Ogden, Utah, shipped to the new sites and assembled quickly to meet the demands of growing or shifting populations. Construction costs are approximately 20 percent lower than costs for building a conventional hospital. Modules, or sections of the hospital, can be added or changed as needs change, again, based on the characteristics of the population served.

The basic unit of modular hospital is an ambulatory care center. Other modules can be added on to provide inpatient, radiology, lab, emergency and physical therapy services.



SANPETE VALLEY HOSPITAL

The original Sanpete Valley Hospital was built by local area residents in 1948 from materials salvaged from Civilian Conservation Corps barracks — proof that innovation has long been a trait of the Mt. Pleasant, Utah, community. In 1983 the community took part in another innovation by raising \$300,000 toward the construction of a new, modular hospital.



DELTA COMMUNITY MEDICAL CENTER

At least one resident of Delta, Utah, spent his annual two-week vacation laying brick to build a hospital for the community 20-plus years ago. And there are many others who will tell you stories about hammering nails, carrying bricks and painting walls. The com-

munity received a new hospital this year, but all the hammering, sawing and painting took place in a factory. Construction costs were 20 percent lower than they

would have been if a conventional hospital had been built, and the 20-bed modular hospital was completed in record time.



FILLMORE COMMUNITY MEDICAL CENTER

IHC's third modular facility, Fillmore Community Medical Center in Fillmore, Utah, replaced a well-used, well-loved hospital built in 1948. The new medical center has 10 acute care beds and 10 long-term care beds. The Fillmore and Delta facilities will increase their cost-effectiveness by combining management, administration and nursing supervision under a single community board of trustees.



In addition to replacing, remodeling or refurbishing all of its member hospitals, IHC developed a core of central services to coordinate and streamline their operation. The advantages of belonging to a multihospital system became more and more apparent as sophisticated data processing systems were created, as group insurance programs brought significant savings, as group purchasing programs expanded, and as IHC's strength in the financial arena grew.

In 1980 IHC commissioned an independent evaluation of five services offered to member hospitals by the central office. The savings were calculated by considering the difference between current IHC costs to hospitals and prices each hospital would have had to pay to obtain the services independently. The results of that first audit follow:

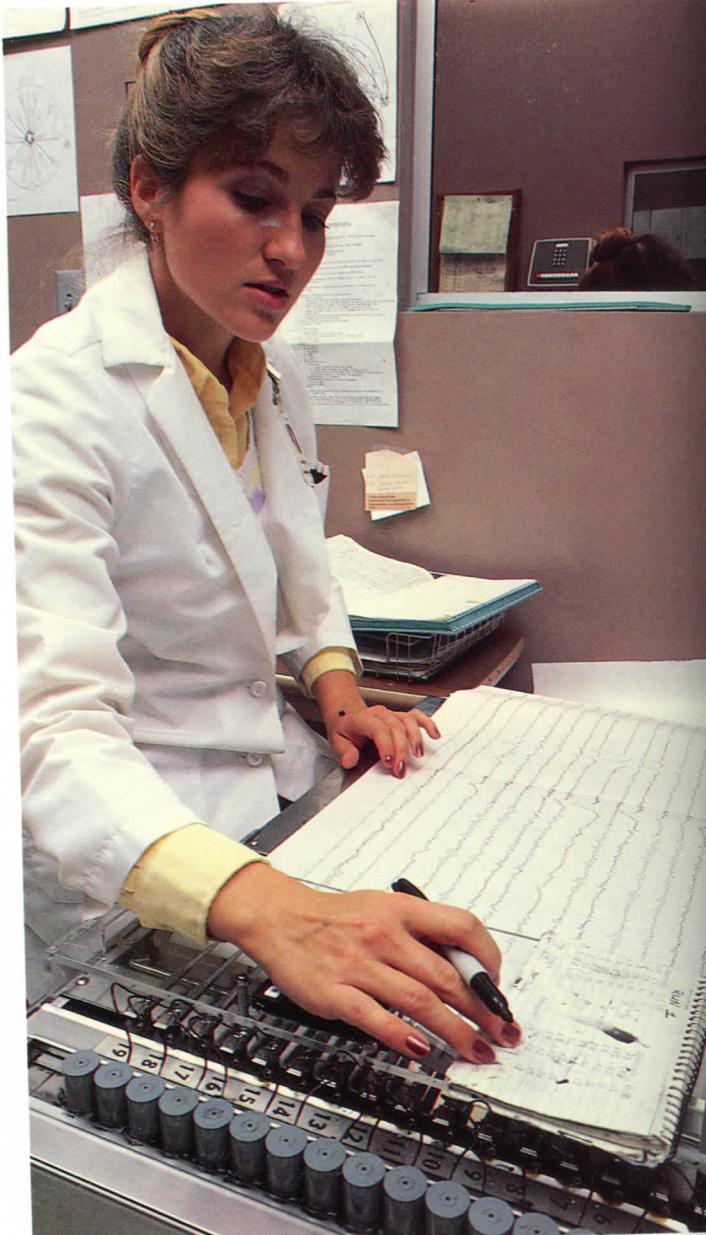
	Savings
• Insurance	\$ 3,450,222
• Data Processing	742,368
• Interest and Financing	1,741,118
• Purchasing	4,742,342
• Certificate of Need and Health Consulting	133,806
TOTAL	\$10,809,856

A similar audit has been conducted each year. The most recent audit, for the year ending Dec. 31, 1983, showed savings almost doubled those of the first. Savings for six central services were as follows:

• General Liability, Malpractice and Worker's Compensation Insurance	\$ 1,575,000
• Employee Insurance Benefits	3,176,000
• Data Processing	3,435,000
• Financing	1,992,000
• Purchasing	8,070,000
• Auditing, Consulting, Legal Assistance	869,000
TOTAL	\$19,117,000

Other central services provided to IHC entities include construction management, financial and accounting services, human resources, management engineering, nursing consultation, planning, quality assurance, public relations, risk management and central laundry services.

CENTRAL SERVICES



QUALITY ASSURANCE

IHC has a comprehensive program which conducts detailed evaluations of the quality and utilization of professional services in each system hospital. This thorough review helps hospitals meet established IHC standards, identify potential legal risks and prepare for licensure, certification and accreditation surveys. The quality assurance program has been especially helpful to IHC's smaller, rural hospitals. In 1979, for example, five of these hospitals — ranging in size from 20 to 70 beds — received accreditation from the Joint Commission on Accreditation of Hospitals for the very first time. This means they met the same high standards of quality set in larger hospitals.

The quality assurance staff has also been extremely helpful as alternative delivery sites, such as ambulatory surgical centers, have been established. They have helped develop standards where none previously existed.

This year IHC's quality assurance staff participated in a national pilot of a program developed by the Joint Commission on Accreditation of Hospitals to survey multihospital systems. In addition, several health care organizations outside the IHC system have come to the quality assurance staff for consultation.

MULTIHOSPITAL MUTUAL INSURANCE, LTD.

In 1976 IHC and a number of other hospitals with good medical malpractice risk management track records joined forces to create a Bermuda-based mutual



insurance company, Multihospital Mutual Insurance, Ltd. (MMI).

Today MMI provides hospital liability insurance coverage to approximately 37 health care organizations. IHC system hospitals also pool their resources to provide other forms of insurance. The resulting lower premiums save IHC hospitals more than \$1 million each year. IHC also helped form a second offshore company to provide insurance to physicians.



TECHNICAL SERVICES

IHC hospitals have access to a central biomedical equipment maintenance and repair division. Technical Services Division maintains and repairs costly hospital equipment at lower rates than manufacturers or dealers.

DATA PROCESSING

All of IHC's 23 member hospitals now have access to IBM System/38 computers and IHC-designed hospital software. Larger hospitals house the model 38 computers, and small hospitals nearby are serviced via phone links.

SYSTEM-WIDE EDUCATION PROGRAMS

System-wide education programs are offered for nursing personnel, technicians, physicians, business office staffs and others. The central education department also helps coordinate outreach education programs in which physicians and nurses from large hospitals visit smaller hospitals.

Each year more than 30 licensed practical nurses working in IHC hospitals complete the scholastic and clinical requirements to become registered nurses through the IHC Hospitals/Weber State College Nurse Advancement Program. One of the most pop-

ular education options available, the nurse advancement program allows nurses to continue working while they study. They complete much of their practical course work in the hospital in which they presently work. Those hospitals also help finance their employees' participation in the program.



FINANCING

With a strong commitment to providing quality care at the lowest possible cost, IHC has used centralized services, pooled resources and volume buying and borrowing power to maintain the financial strength of the organization and to ensure its continued ability to serve patients. Because of its demonstrated financial strength, IHC holds an AA rating from Standard and Poor's, a New York bond rating agency.

This is the highest rating given to a health care organization. It gives IHC and its member hospitals the ability to provide the maximum amount of care for each dollar spent on health care.

CENTRAL LAUNDRY

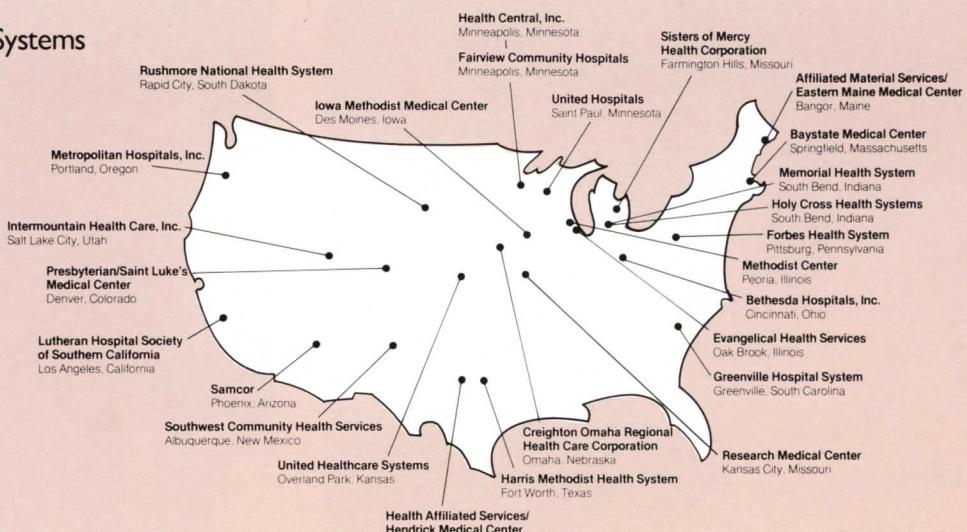
IHC's central laundry serves 10 member hospitals from Logan to Provo, Utah. The major hospitals receive one-day service six days per week.

In 1984 the laundry processed 8.25 million pounds of laundry at a cost that was \$66,000 below budgeted operating costs. That \$66,000 was rebated to participating hospitals.



American Healthcare Systems

TOTAL MEMBERS 1,058
TOTAL BEDS 122,483
(October 1984)



AMERICAN HEALTHCARE SYSTEMS

If a system of hospitals is cost-effective and progressive, IHC management reasoned in 1978, a group of hospital systems might be even better. IHC was a founding member of Associated Hospital Systems, a cooperative of 12 not-for-profit multihospital systems

developed to enhance group purchasing capabilities and share management concepts and philosophies. In 1984 AHS merged with United Healthcare Systems, a similar consortium with 13 member multihospital systems, to create American Healthcare Systems. The new AHS now includes 28 multihospital systems. A total of 1,058 hospitals with 122,483 beds are represented.

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entralizing services is appropriate in many areas; however, IHC is quick to recognize the individual strengths of each hospital.

The following are just a few examples of the innovative programs and approaches to health care found in IHC hospitals.

INNOVATIONS

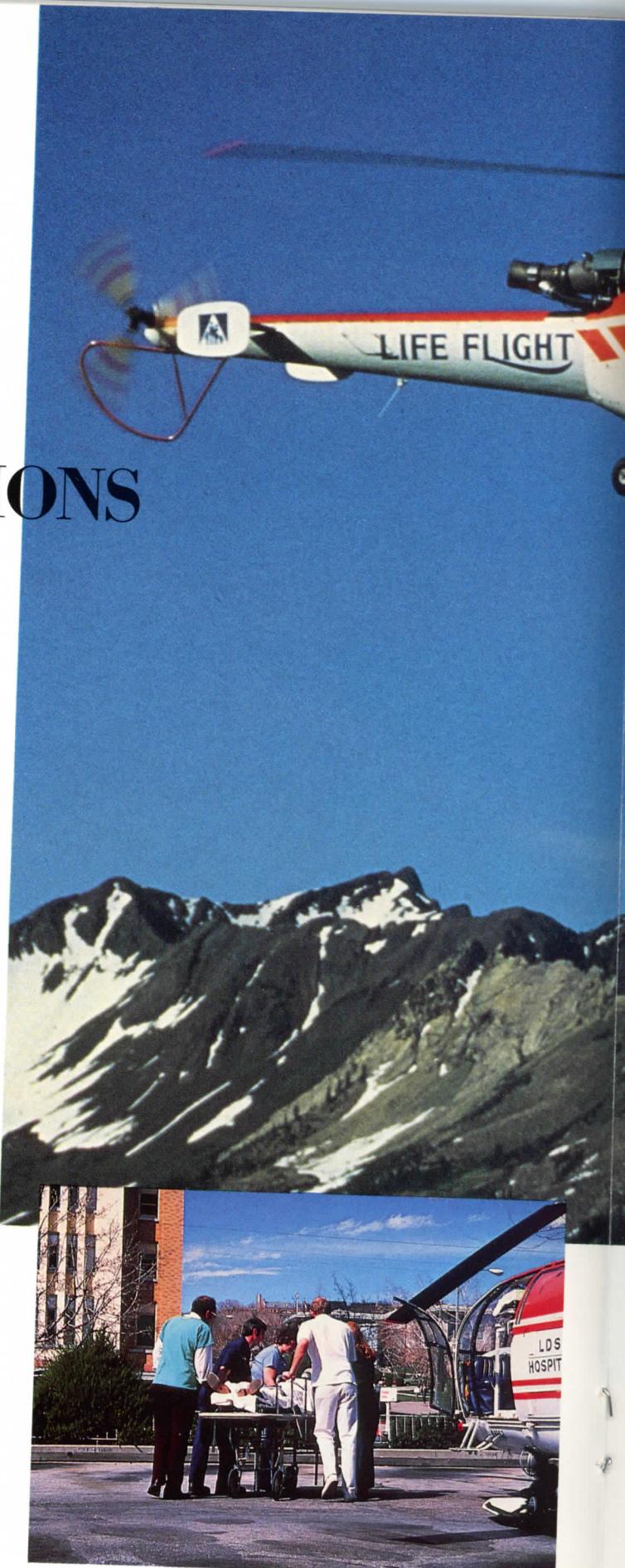
T RAUMA LEVEL I

LDS Hospital and the University of Utah Medical Center, both in Salt Lake City, cooperatively form the Intermountain Trauma Complex. The Intermountain Trauma Complex holds a Trauma Level I designation from the Utah Emergency Medical Services Council.

To achieve this certification, the complex met strict standards set by the American College of Surgeons for broadly based patient care, research and teaching programs in trauma.

Primary Children's Medical Center has been recognized as the pediatric trauma center.

Enhancing the Intermountain Trauma Complex is LDS Hospital's Life Flight program for the rescue and transport of critically ill or injured patients. The hospital leases a jet-powered Alouette 316B helicopter, capable of traveling more than 120 miles per hour, to serve patients within a 100-mile radius of Salt Lake City. The hospital also uses a fixed-wing aircraft for longer flights. Since it was established in 1978, Life Flight has served more than 3,000 patients.

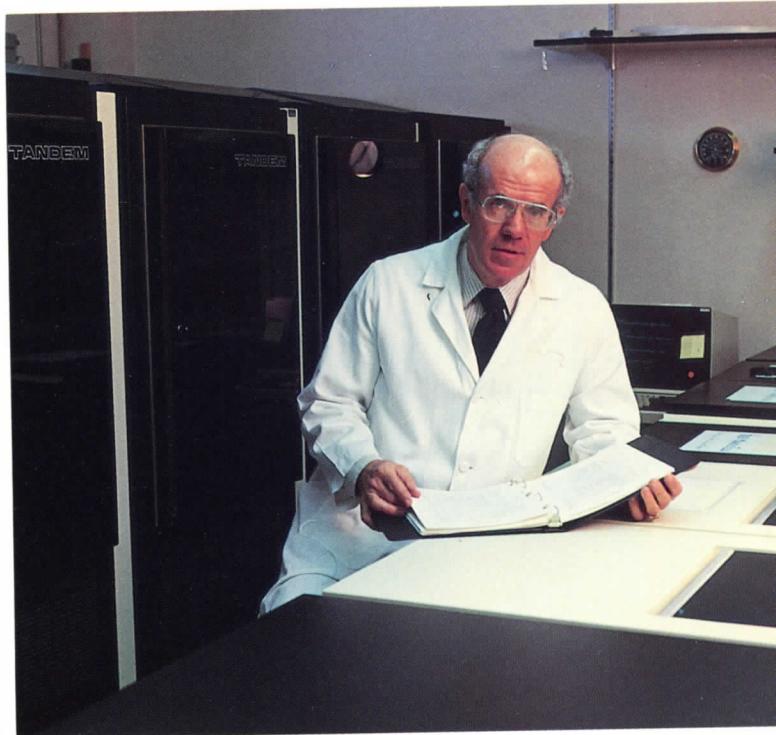




IMAGINATION

JB Yeates wrote that only through our imagination do we truly live. Through the imagination of Homer R. Warner, MD, cardiologist and director of the department of medical biophysics and computing at LDS Hospital for 30 years, we can all live more productive and satisfying lives.

Dr. Warner began work on a computer to be used in the hospital's heart catheterization laboratory in 1954. Computers were soon in use throughout the hospital. Today Dr. Warner's assignment has grown into a computer system capable of taking information, processing it and providing physicians, nurses, pharmacists and other personnel with medically sound diagnostic, therapeutic and administrative recommendations. Called HELP, Health Evaluation through Logical Processing, the system is being marketed throughout the world.



CANCER OUTLOOK

Stephanie Frederick has come a long way. As a baby, she experienced all three major components of cancer treatment. Chemotherapy began immediately after Richard O'Brien, MD, said the lump in her lower abdomen was rhabdomyosarcoma (a soft tissue malignancy which affects the bladder, bones, liver and other organs).

Three months after treatment started, a section of her bladder and two lymph nodes were removed. A few days later, Stephanie became the first child at Primary Children's Medical Center to receive a radioactive implant. Radium would destroy the cancerous "nests" located near the site of the original tumor without adverse effects on nearby organs.

Today, Stephanie is a robust 6-year-old. Aside from memories of a few pokes and needles, Angie Frederick says her daughter has forgotten the two years of chemotherapy initiated in 1978 when Stephanie was only eight and one-half months old.

Childhood cancer is the second leading cause of death among children aged one to 15. However, as children like Stephanie prove, the odds are getting better. John F. Wilson, MD, a leader in cancer pathology at Primary Children's, affirms the phenomenal strides made in the treatment of pediatric cancer. "Twenty years ago, 80 percent of all kids with cancer died," he says. "Today, 80 percent survive."





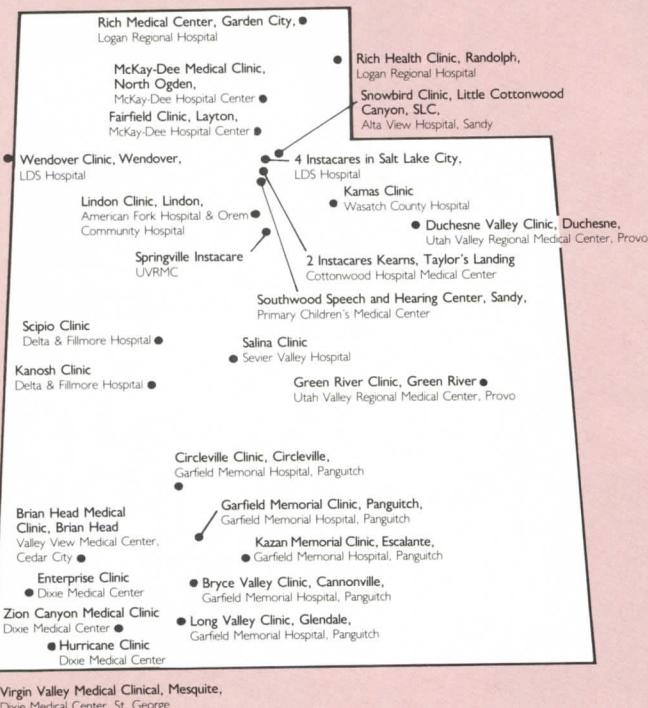
RURAL HEALTH CARE NETWORK

The population in southern Utah is sparse. Small communities dot the map, some are clustered along a river or near one of the state's five beautiful national parks, others are scattered across the deserts and grasslands. Providing even primary health care to residents in these small communities has created a real challenge for IHC hospitals in the region.

GARFIELD MEMORIAL HOSPITAL AND CLINICS

Garfield Memorial Hospital in Panguitch, Utah, is a case in point. Rather than expand in one location, the hospital has established five primary care clinics in small communities within about 50 miles of the hospital. Members of the medical staff hold office hours on a rotating basis at the clinics. The clinics, located in Panguitch, Escalante, Circleville, Cannonville and Glendale, Utah, have more than 18,000 patient visits per year.

IHC Hospitals' Rural and Suburban Health Care Clinics



SEASONAL CLINICS

Even more important than grants or facilities are the talented, inventive people who help IHC meet the needs of our rural population. Mike McMahan is one of them.

You might say McMahan, a physicians' assistant, has the best of both worlds. From late spring to early fall, he staffs the Zion Canyon Medical Clinic in Springdale, Utah — the gateway to Zion National Park. The clinic provides emergency treatment for park visitors, stabilization for transport (McMahan is in constant radio contact with Dixie Medical Center in St. George, Utah) and even routine primary care for residents of the area. A physician from Dixie Medical Center oversees the clinic.

During the winter months McMahan bundles up and heads for the hills — the ski hills. He staffs the

Brian Head Medical Clinic, located in the daylodge at the base of the resort's #4 and #6 chairlifts. Again he is supported by emergency physicians, this time from IHC's Valley View Medical Center in Cedar City, Utah. Similar services are available, and as with the Zion Canyon Medical Clinic, if a patient is referred to the sponsoring hospital for further treatment, the cost of the clinic visit is deducted from his or her hospital bill.

A TASTE OF RURAL MEDICINE

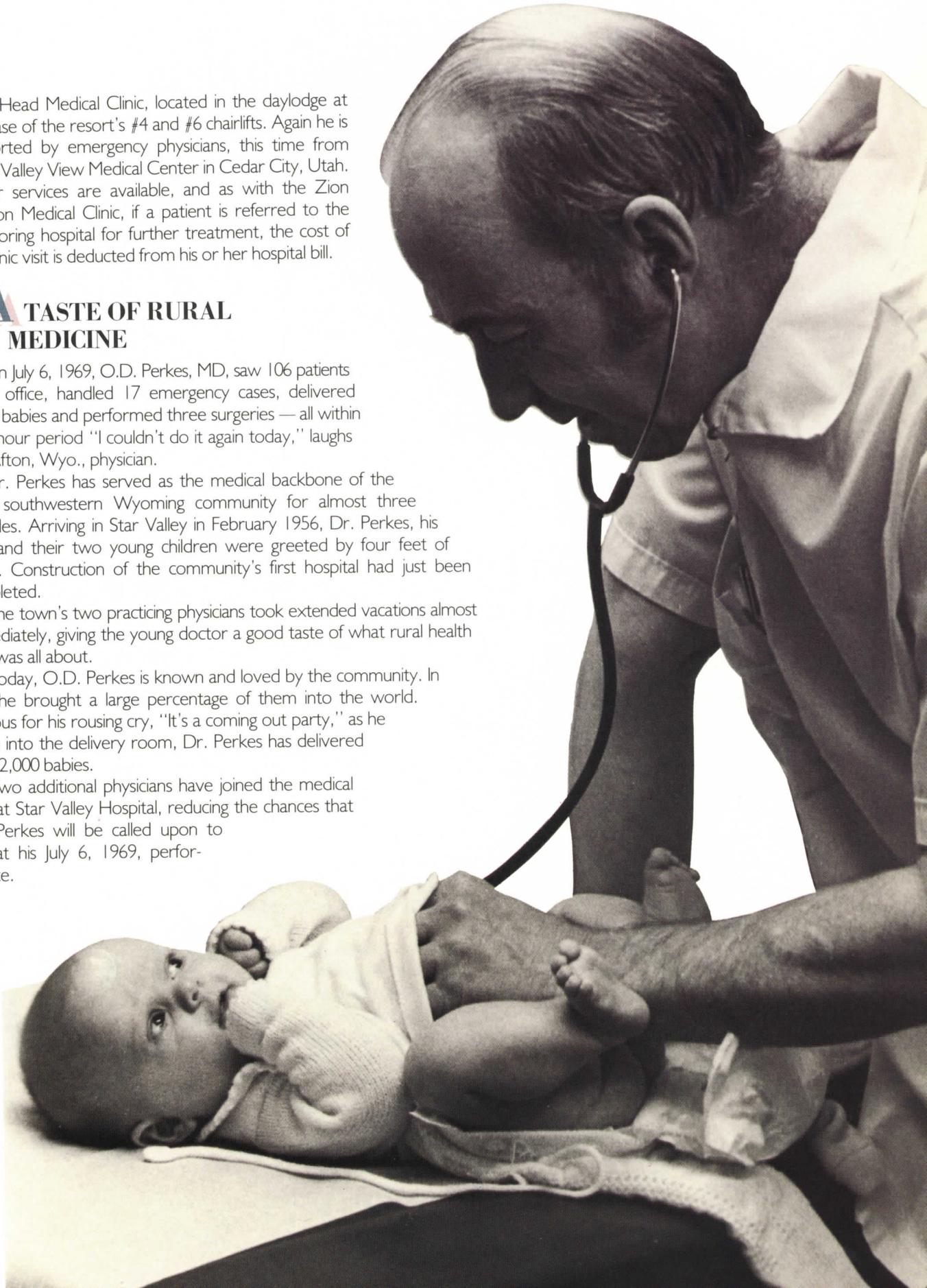
On July 6, 1969, O.D. Perkes, MD, saw 106 patients in his office, handled 17 emergency cases, delivered three babies and performed three surgeries — all within a 24-hour period "I couldn't do it again today," laughs the Afton, Wyo., physician.

Dr. Perkes has served as the medical backbone of the small southwestern Wyoming community for almost three decades. Arriving in Star Valley in February 1956, Dr. Perkes, his wife and their two young children were greeted by four feet of snow. Construction of the community's first hospital had just been completed.

The town's two practicing physicians took extended vacations almost immediately, giving the young doctor a good taste of what rural health care was all about.

Today, O.D. Perkes is known and loved by the community. In fact, he brought a large percentage of them into the world. Famous for his rousing cry, "It's a coming out party," as he walks into the delivery room, Dr. Perkes has delivered over 2,000 babies.

Two additional physicians have joined the medical staff at Star Valley Hospital, reducing the chances that Dr. Perkes will be called upon to repeat his July 6, 1969, performance.





When Intermountain Health Care was formed in 1975, its leaders selected a name for the organization deliberately, with foresight into the changes that would occur in the delivery of health care services. Rather than name the company for the hospitals that comprised it, they chose to call it a *health care* company in anticipation of the diversity it would need in a changing environment.

In 1983 IHC was restructured into a parent company overseeing five health care-related subsidiaries, each designed to assume a specialized role in continuing to provide competitively priced, comprehensive, quality health care.

The new structure has allowed IHC to respond rapidly to the needs and desires of the health care consumer and has placed the organization in a position to provide the greatest value possible for each dollar the consumer spends.

GROWTH



The subsidiaries of Intermountain Health Care include:

- IHC Hospitals, Inc., overseer of the system's 23 acute care hospitals;
- IHC Professional Services, Inc., developer of cost-effective alternative methods of health care delivery, including ambulatory surgical centers and occupational health services;
- IHC Health Plans, Inc., developer of new ways to tie the delivery of health care to the payment for health care to encourage cost-effective utilization;
- IHC Affiliated Services, Inc., provider of shared services, including data processing software and hardware, group purchasing and a standard costing system, to 260 affiliate health care institutions throughout the U.S.;
- IHC Foundation, Inc., coordinator of fund development for the entire organization.

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PROFESSIONAL AFFAIRS DEPARTMENT

To date, physicians on IHC hospital medical staffs have helped the hospitals and IHC chart its course through their involvement in planning, budgeting, capital expenditures and quality assurance programs.

In the next ten years, however, IHC will be asking physicians to become much more involved in the inner workings of Intermountain Health Care.

One example of this evolution is the creation of an IHC professional affairs department. This department has established a medical advisory council consisting of a physician representing each area of medical specialty — psychiatry, internal medicine, the surgical subspecialties, obstetrics and gynecology, pediatrics, orthopedics, hospital-based physicians, oncology, family practice, general surgery and cardiology.

This council will help integrate the professional aspects of IHC into a system which maximizes the quality of health care delivery and efficiency of health manpower utilization.



G

rowth for IHC Hospitals does not necessarily mean building or acquiring new hospitals or beds.

The greatest potential for growth in IHC exists in the organization's opportunity to provide new levels of service to health care consumers.

IHC HOSPITALS, INC.

INSTACARE CLINICS

Access. Convenience. Low cost. These characteristics are becoming increasingly important to the health care consumer. Several IHC hospitals have established InstaCare urgent care clinics to provide quality, low-cost urgent care in convenient locations. LDS Hospital operates four InstaCare clinics, Cottonwood Hospital Medical Center operates two, and Utah Valley Regional Medical Center operates one clinic.



IHC Hospitals, Inc. System Hospitals

Name of Hospital	Location	Licensed Beds	Relationship with IHC
Northern Region			
Idaho Falls Consolidated Hospitals, Inc.			
Parkview	Idaho Falls, ID	111	Joint Venture (HCA)
Riverview	Idaho Falls, ID	257	Joint Venture (HCA)
Pocatello Regional Medical Center	Pocatello, ID	110	Owned
Star Valley Hospital	Afton, WY	15	Managed
Cassia Memorial Hospital & Medical Center	Burley, ID	102	Leased
Logan Regional Hospital	Logan, UT	148	Owned
Bear River Valley Hospital	Tremonton, UT	20	Owned
McKay-Dee Hospital Center	Ogden, UT	380	Owned
Salt Lake Region			
LDS Hospital	Salt Lake City, UT	520	Owned
Primary Children's Medical Center	Salt Lake City, UT	164	Owned
Cottonwood Hospital Medical Center	Murray, UT	243	Owned
Alta View Hospital	Sandy, UT	50	Owned
Central Region			
Wasatch County Hospital	Heber City, UT	40	Leased
American Fork Hospital	American Fork, UT	72	Owned
Orem Community Hospital	Orem, UT	20	Owned
Utah Valley Regional Medical Center	Provo, UT	389	Owned
Southern Region			
Sanpete Valley Hospital	Mt. Pleasant, UT	20	Owned
Delta Community Medical Center	Delta, UT	20	Owned
Fillmore Community Medical Center	Fillmore, UT	20	Owned
Sevier Valley Hospital	Richfield, UT	42	Owned
Garfield Memorial Hospital & Clinics	Panguitch, UT	20	Managed
Valley View Medical Center	Cedar City, UT	72	Owned
Dixie Medical Center	St. George, UT	106	Owned



WOMEN AND HEALTH CARE

It's an idea whose time has come — health care for women provided by professionals who understand the unique educational, medical and psychological needs of women, in a facility that is comfortable and specifically designed for the types of care women need.

It's a Women's Health Center — currently located at LDS, Cottonwood, McKay-Dee and Alta View hospitals, and soon to be established in other hospitals throughout the system.

The women's health centers pool resources and ideas, share successful programs and provide a unified referral network for women's health services. A small sample of their offerings includes screening clinics for breast and uterine cancer, education classes for women as consumers of health care, an array of pre- and post-natal education opportunities, a variety of birthing options with emphasis on involving women in decisions about their care, and counseling services directed specifically at health issues women face — post-mastectomy counseling is one example. These centers offer help and services for women of all ages and incomes.



HOME HEALTH AGENCY

A 1983 study at Cottonwood Hospital Medical Center showed that in a two-month period, 23 patients spent 123 patient days in the hospital for IV antibiotic therapy that could have easily been administered in their homes. Statistics like this led to the development of the IHC Home Health Agency, a centralized

agency providing:

- nursing care
- home IV therapy
- hospice care
- home health aides
- homemaker/home health aides
- medical social work
- nutritional consultation

The agency has offices in Salt Lake City and Provo, Utah, as well as a branch office in Richfield, Utah.





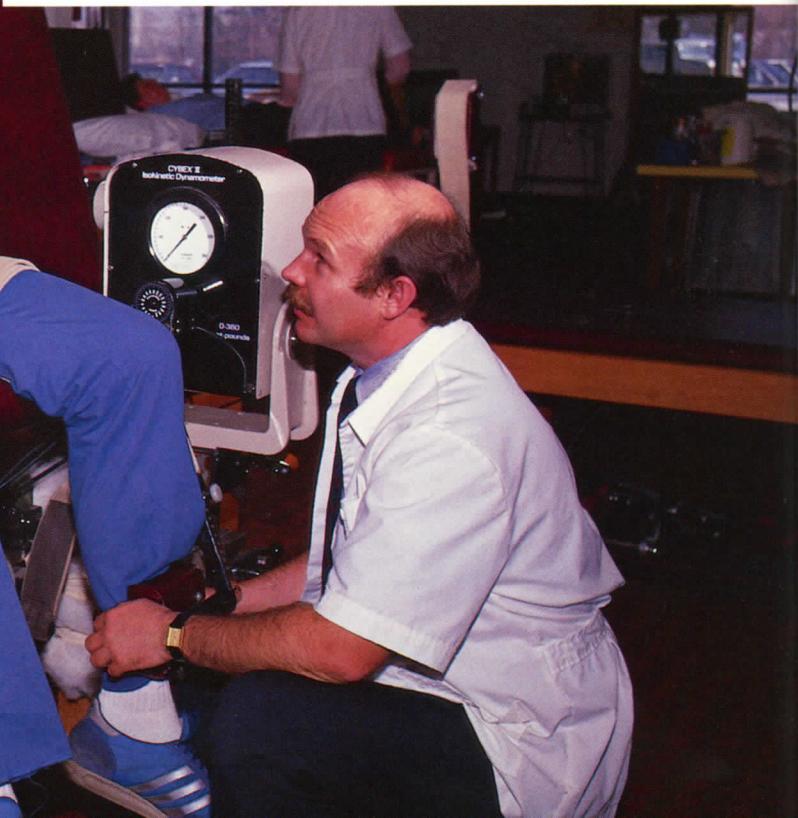
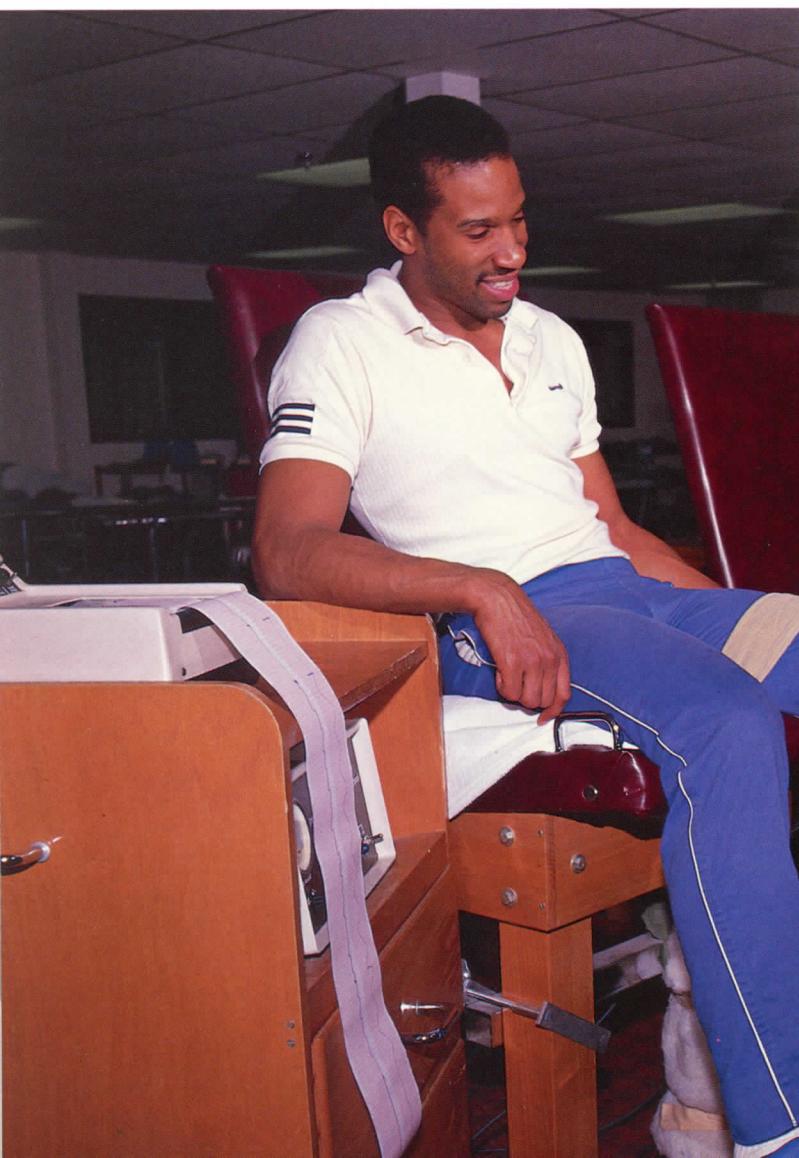
IHC REHABILITATION SERVICES

Skilled nursing facilities are not just for the elderly. As the need to move patients out of acute care hospitals and into intermediate centers for care grows, skilled nursing facilities are providing a variety of services for a variety of people — like professional basketball player Adrian Dantley.

The 6'4" Utah Jazz forward strained a hamstring muscle in a game in early February 1985. He is receiving physical therapy at the Bountiful Convalescent Center under the direction of Moe Forsythe, RPT, team therapist and director of the physical therapy program at the center.

Forsythe is an employee of IHC Rehabilitation Services, a division of IHC Hospitals. The organization is responsible for physical therapy services in eight skilled nursing facilities along the Wasatch Front.

In addition to physical therapy in skilled nursing facilities, IHC Rehabilitation Services provides services in four IHC hospitals. IHC Home Health, working closely with the organization, provides physical therapy in patients' homes.



'WE CARE', AND WE GUARANTEE IT!

Providing extraordinary care is nothing new to IHC employees, so as of Jan. 1, 1985, every patient who enters an IHC hospital receives a guarantee — your hospital stay will meet your expectations concerning personal attention, comfortable accommodations and courteous service.

This guarantee is part of the "We Care" program developed at LDS Hospital and implemented in all IHC

hospitals in 1984. "We Care" guarantees such things as the cleanliness and comfort of the room, the quality and correct temperature of meals and prompt courteous care by hospital employees. "We Care" also guarantees that questions about treatment or accommodations will be answered within one hour and that problem situations will be resolved within 24 hours, or the patient will receive either a gift or an adjustment on his or her bill.

The "We Care" program doesn't guarantee the medical outcome of a patient's hospital stay or guarantee against unavoidable delays when hospital employees have to provide emergency care before routine patient care.



PSYCHIATRIC AND BEHAVIORAL HEALTH DIVISION

Psychiatric services, it has been shown, are often more effective when the patient is removed from a stressful environment and placed in a neutral setting. To serve community needs for psychiatric services in the most effective way, IHC plans to construct a free-standing psychiatric hospital in the Salt Lake Valley. To be called Wasatch Canyons Hospital, the new facility will have a campus-like atmosphere. The majority of services offered will be geared toward patients whose physicians feel they will respond well to intense, short-term therapy. Family involvement will be important, and all programs will be flexible to meet the needs of individual patients. Services provided will include individual, group and family therapy as well as music, dance and art therapy, recreational and occupational therapy, relaxation training for stress management, daily living skills, assertiveness training and chemotherapy. Both adult and adolescent treatment will be offered.

DAYSPRING

Dayspring means the dawn of a new beginning.

In IHC hospitals, it means a new beginning in the treatment of the chemical and alcohol dependent. For patients in IHC's service area, it means a lower cost, comprehensive treatment alternative for chemically dependent people and their families.

Dayspring units base their treatment on the concept that chemical dependency — alcoholism or drug addiction — is a treatable illness. The entire family is involved in the multi-disciplinary approach to treatment. A Dayspring unit is in operation at Utah Valley Regional Medical Center, and units will be opened soon at LDS Hospital and McKay-Dee Hospital Center.

A freestanding Dayspring adolescent treatment center is also in operation in Salt Lake City. This center will provide day treatment for up to 120 chemically-dependent youths each year.





HEALTH CARE AT TRANSIENT SHELTERS

On a typical night Jim VanZant, RN, treats four or five upper respiratory infections, two or three acute injuries, a few lingering problems, a box-car injury or two and at least one gynecological problem at the LDS Hospital emergency clinic located in an emergency housing shelter in Salt Lake City. VanZant's services are provided by Intermountain Health Care and LDS Hospital.

VanZant says it's not unusual to see a woman in her sixth or eighth month of pregnancy who has yet to see an MD. And he gets called in to handle emergencies, usually mental crises, regularly.

VanZant is able to treat 60 to 70 percent of the people who come to the clinic on the spot. The rest are referred to local hospitals or county agencies.

In emergency cases, VanZant's been known to drive patients to an emergency room for treatment, then wait — sometimes until 4 a.m. — to drive them back to the shelter.

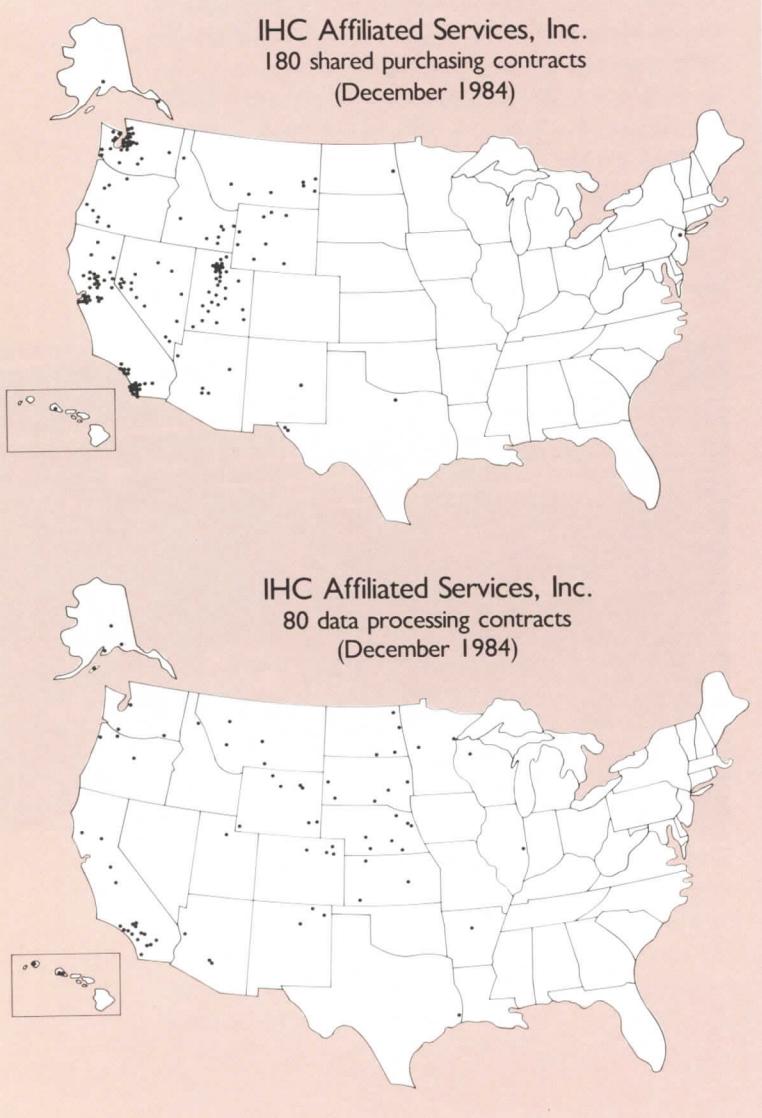


Many of the programs developed and tested in IHC hospitals were soon recognized as attractive to other, non-IHC hospitals. IHC Affiliated Services (ASI) was organized to sell programs to these hospitals and to develop new programs to

meet recognized needs in affiliate institutions.

In 1977, seven non-IHC hospitals became affiliated with the system to share in the benefits of these programs. Today more than 260 health care institutions throughout the United States participate as affiliates through ASI. The list of services offered includes group purchasing, data processing, standard costing, health care facility design and food service.

IHC AFFILIATED SERVICES, INC.



GROUP PURCHASING

IHC Affiliated Services group purchasing offers participating health care institutions more than 460 contracts for everything from medical/surgical supplies to pharmaceuticals to capital equipment. Affiliates average savings of 15 percent on their annual purchasing costs. ASI's participation in American Healthcare Systems, the consortium of not-for-profit multihospital systems, results in even greater savings on items which can be contracted for on a national basis.

DATA PROCESSING

IHC Affiliated Services also sells computer hardware and software to affiliates. Developed within IHC hospitals, software applications are specifically tailored to the needs of large and medium-sized hospitals. Eighty health care institutions have purchased programs which include financial, admitting/registration, order entry/communications, medical records, pharmacy, nurse staffing and case-mix modules. Currently, there are a total of 13 applications available on a license basis to allow institutions to build their own data processing systems based on their needs.

The data processing division was recognized as a Value Added Remarketer (VAR) and is a Value Added Dealer (VAD) by IBM, producers of the hardware on which ASI programs have been designed to operate. Under these agreements, IBM selects companies which market high quality IBM-based software products and allows those companies to sell IBM hardware. ASI was the first organization to be selected a System/38 VAR for the health care industry. Discounts on IBM products received through the VAR arrangement can be passed along to affiliate institutions.

The data processing division recently opened branch offices in Michigan, Houston and Los Angeles to better serve affiliates in those regions.

A new IHC subsidiary, IHC Equipment Services, Inc., has been developed to carry out the VAR contract and to engage in other equipment-related services in the future.

STANDARD COSTING

A new program being sold jointly by ASI and Ernst & Whinney, a national CPA firm, has met with almost instant success. The Standard Costing System, developed by IHC, generates a series of standard costs for every billable service a hospital provides.

Specifically, the system:

- provides full standard fixed and variable costs for management purposes in dealing with DRGs and in making pricing/marketing decisions; and
- maintains a management reporting system that will verify the ongoing integrity of the standard costs and dovetail directly with productivity monitoring goals.

After just a few months of marketing, the system has been purchased by many large, prestigious health care organizations.





MEDESIGN

ASI is also involved in MEDesign, a joint venture with Conant Associates, Inc., a Salt Lake City-based design firm which specializes in the design of health care facilities.

MEDesign offers group purchasing on all lines of architectural finishes, furnishings and graphics; custom facility profiles, which involve an initial furnishings inventory and evaluation and subsequent design consultation; and marketing services to help the facility identify the needs of its community.

FOOD SERVICE

ASI's newest division provides a comprehensive food service purchasing program to affiliates. In addition to providing volume purchasing discounts, the division helps affiliates receive rebates and other savings, eliminates the necessity of dealing with several vendors, audits vendors to make sure their contracts and prices comply with negotiated arrangements, and even helps members select and purchase capital equipment for their food service programs. Participants in the food services program also have direct input into the contracts they use. A dietary evaluation committee meets in each region on a quarterly basis to collect ideas and input from members.



I

HC Professional Services (PSI) was developed to provide cost-effective services such as ambulatory surgery and occupational health care in alternative settings.

IHC PROFESSIONAL SERVICES, INC.

AMBULATORY SURGERY

Studies show that more than 40 percent of all surgeries can be safely performed on an ambulatory basis — that is, in an alternative setting that does not require the patient to check into a hospital or stay overnight. Benefits to patients include lower costs, reduced anxiety, and the chance to recover in the comfort of their

own homes with their families and loved ones.

IHC Professional Services currently operates four centers — the Roseland Surgical Center in Roseland, N.J., the Casper Surgical Center in Casper, Wyo., the Center for Ambulatory Surgery in El Cajon, Calif., and the Intermountain Surgical Center, adjacent to LDS Hospital in Salt Lake City. Additional centers are under development in Bridgeport, Conn., Ogden, Utah, and Logan, Utah.

In addition to their comfortable, home-like decor, the centers house state-of-the-art technology for minor surgery. Common procedures performed include eye surgery, dental work, ear/nose/throat procedures, gynecological surgery, orthopedics and some plastic surgery. Because the centers specialize in these types of surgery, costs can be kept to a minimum. Many of the PSI ambulatory surgical centers are, or will be, owned and operated in cooperation with adjacent hospitals or groups of local physicians.



WORKMED

The physicians' assistant staffing the WorkMed occupational health clinic located at the construction site of the Intermountain Power Project near Delta, Utah remembers his first emergency call — a man slipped on some scaffolding and fell 80 feet. A week before IHC Professional Services, Inc. (PSI) was asked to establish the clinic, a man had fallen 40 feet — he didn't make it.

The P.A. got to the patient, looked around and figured he'd sure better pull the fellow through. All of the man's buddies — big, burley construction workers — had come off the job to help. Each one had a wrench or a pipe or a hammer in his hand and was unconsciously smacking it against his other hand.

The man did make it, and is just one example of the resounding success of the WorkMed clinic.

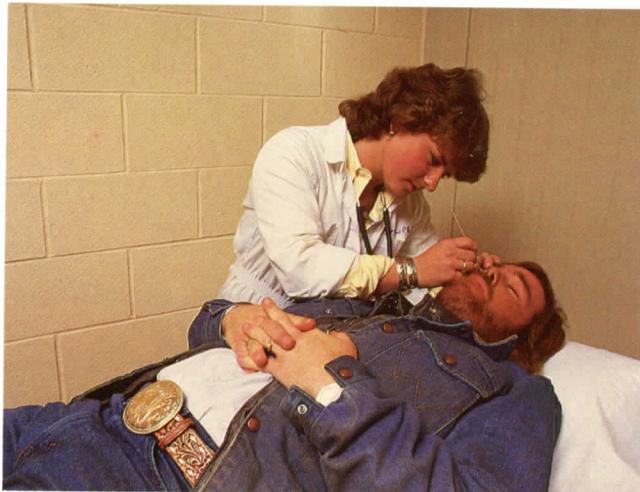
Bechtel Corporation, the international construction firm building the Intermountain Power Project, was so pleased with the clinic that PSI was asked to set up another one at the construction site of a nuclear power plant in Bay City, Texas.

The occupational health division of PSI has also established a WorkMed in Cincinnati, Ohio, the "birthplace of occupational medicine." This WorkMed is strategically located in an area with a particularly high worker population. WorkMed clinics combine emergency care, routine health care (such as employee physicals) and industrial and personal safety promotion into a comprehensive occupational health care package unmatched in the field. Other WorkMed clinics are located in Salt Lake City and Ogden, Utah.

MEDICAL PRACTICE MANAGEMENT

PSI's third area of growth is through a joint venture corporation called Medical Practice Management. In cooperation with a successful medical practice management firm, PSI offers expertise in practice management and financial consulting to physicians through this corporation.

Drawing on a decade of experience in physician practice management and PSI's tie to Intermountain Health Care's group purchasing program, Medical



Practice Management offers a unique group of services which can reduce the costs of operating a medical practice.

The company also helps hundreds of physicians structure their investment programs through comprehensive counseling. Specific services offered include management consulting, financial consulting, accounting, purchasing and data processing.

Growing consumer awareness... employers who have to find less costly ways of providing health care benefits...alternative delivery systems springing up in competition with acute care hospitals...advancing technology

IHC HEALTH PLANS, INC.



HEALTH CHOICE

that makes it possible to provide care in intermediate-level settings...

These and many other factors influencing the health care environment led IHC to create a new subsidiary, IHC Health Plans, Inc., designed to develop new ways to tie the delivery of health care to the payment for health care to encourage the cost-conscious use of health care resources.

Health Choice, a preferred provider organization, is the first such product offered by IHC Health Plans.

Health Choice is a partnership in which physicians, employers, employees and health care facilities receive incentives to make sure health care services are used appropriately and cost-effectively.

Nearly 800 physicians have joined the Health Choice provider panel. IHC's eight hospitals from Ogden to Provo, Utah, currently participate, as well as several InstaCare urgent care facilities in the area.

Health Choice has been implemented in IHC hospitals along the Wasatch Front, and will soon be offered in other areas served by IHC facilities.

In addition, the plan has been purchased by several large, self-insured employers in the Wasatch Front.

IHC Health Plans' second product, IHC Care, a soon-to-be federally qualified health maintenance organization, will be offered beginning July 1, 1985.

IHC CARE

The subsidiary stresses a consumer orientation in each product it develops. Educating the consumer and helping him or her make informed decisions about health care is a high priority, as is promoting healthy habits and lifestyles. IHC Health Plans has a well-staffed member services department to field benefits-related questions from consumers. Subscribers to the company's plans also receive a monthly Total Fitness newsletter, and can attend health education and fitness programs in IHC facilities at no charge.



THE BRIGHTON CONSULTING GROUP

IHC and American Health Development, a national health planning and marketing consulting firm, cooperatively organized the Brighton Consulting Group in 1983. The group offers market-based strategic planning services, feasibility analyses, facility planning and valuation, and consulting on mergers and acquisitions to not-for-profit health care providers throughout the United States.

The IHC Foundation helps with fund-raising activities for the entire organization and seeks new sources of funds not available to individual members of Intermountain Health Care.

This year the IHC Foundation received the second

IHC FOUNDATION, INC.

phase of a Robert Wood Johnson Foundation grant for Hospital Initiatives in Long-term Care.

The IHC Foundation received a one-year planning grant of \$150,000 from the Robert Wood

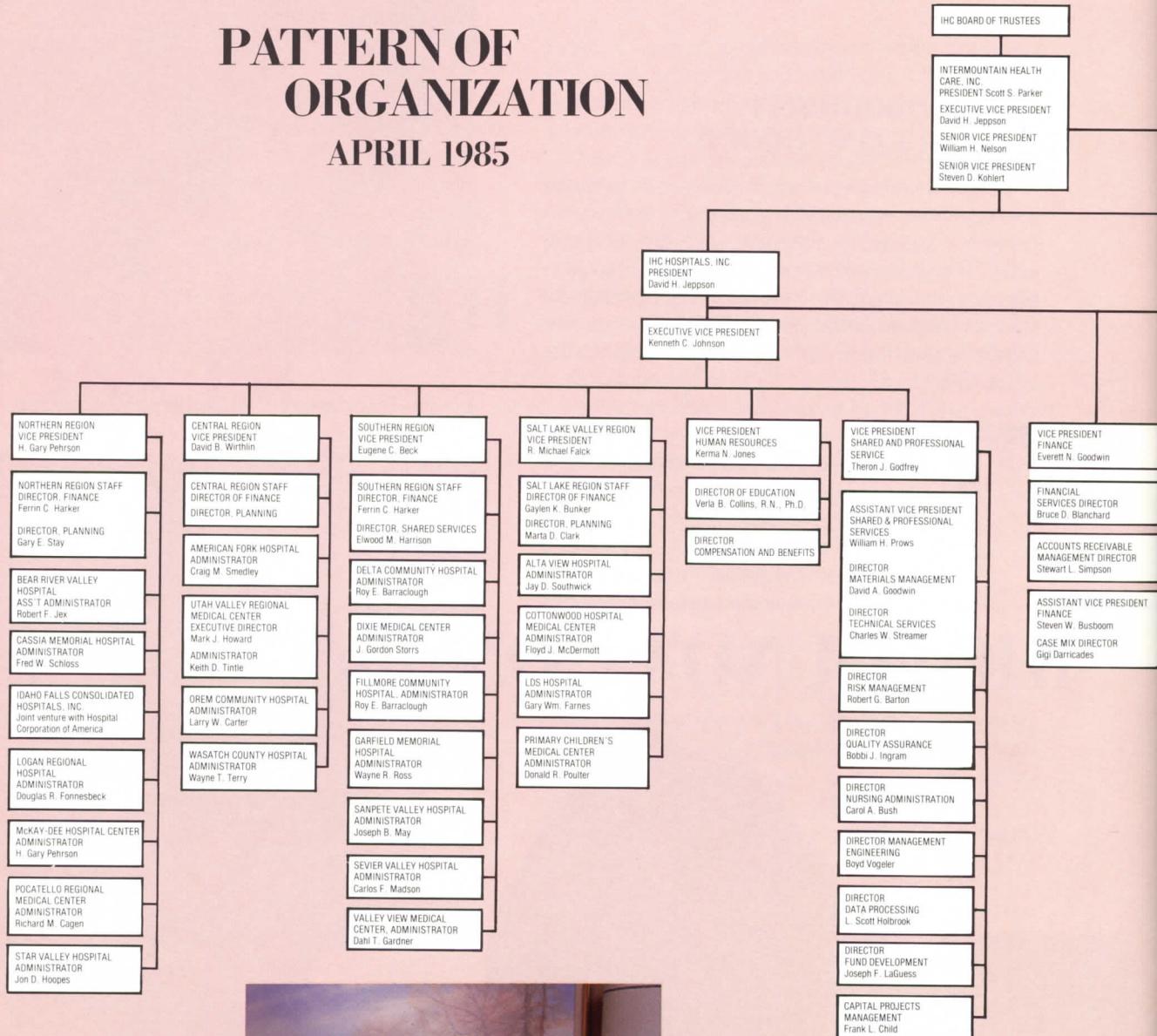


Johnson Foundation in 1983, and this year received an additional \$500,000 to implement the program as planned. The IHC Foundation is one of only 16 grant recipients in the Robert Wood Johnson Foundation's \$16 million nationwide long-term care program.



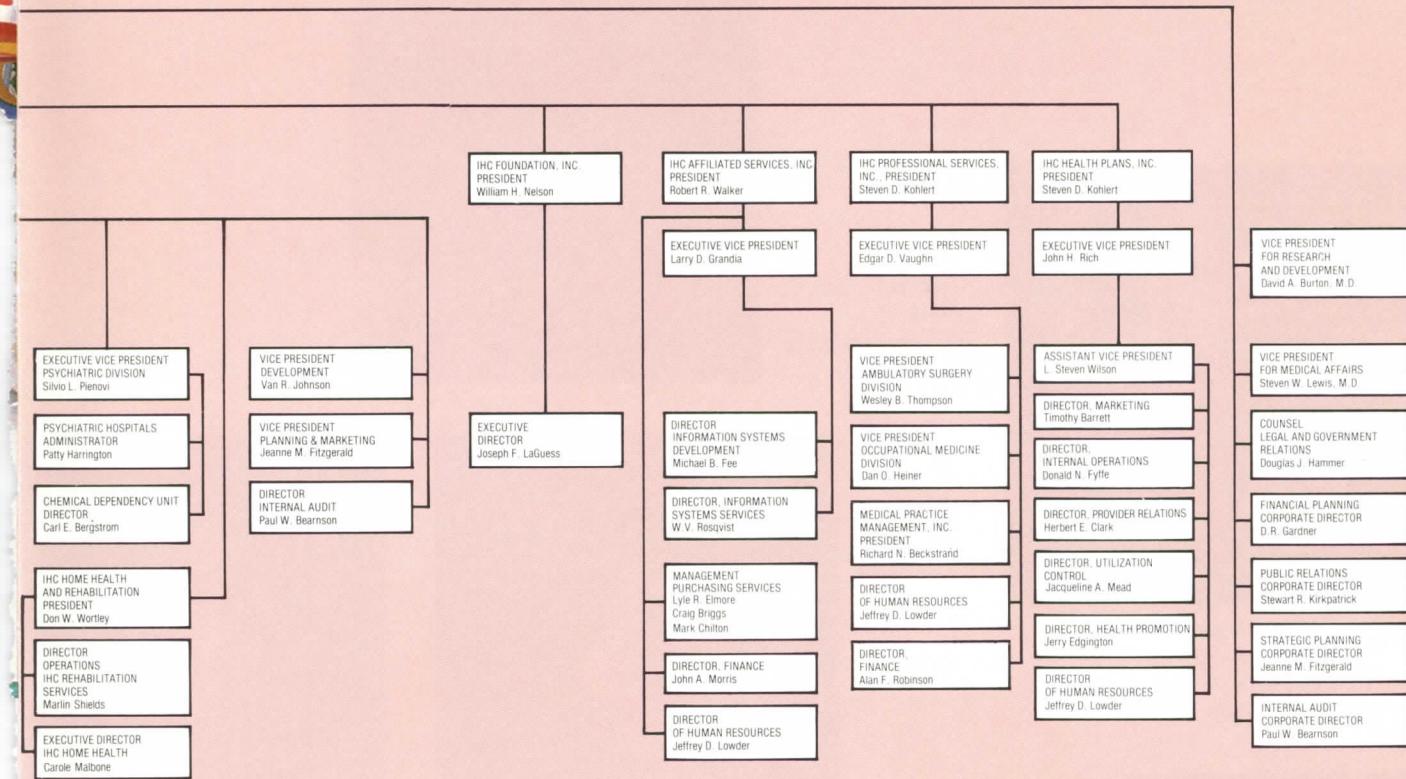
PATTERN OF ORGANIZATION

APRIL 1985



Scott S. Parker

**INTERMOUNTAIN
HEALTH CARE, INC.
MANAGEMENT
COMMITTEE**



David H. Jeppson

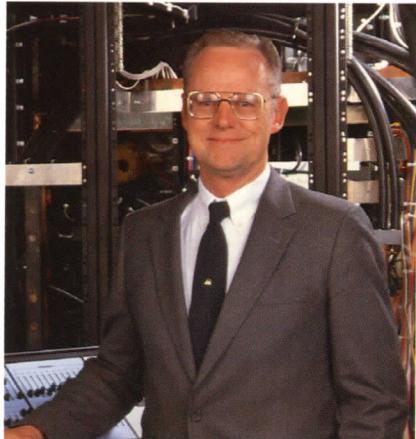


William H. Nelson



Steven D. Kohlert

IHC BOARD OF TRUSTEES



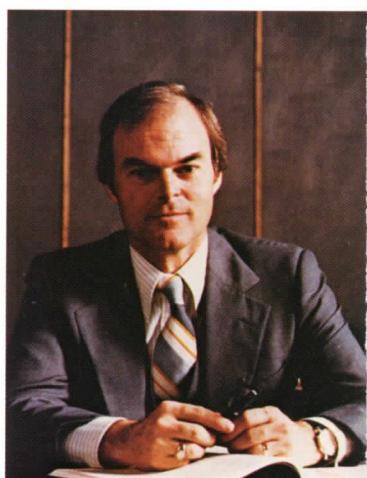
William N. Jones,*
IHC board chairman, and
chairman of Electro-Controls, Inc.,
Alpine, Utah



Thomas D. Dee, II,*
president,
The Dee Company,
Ogden, Utah



Norma B. Ashton,
civic leader and housewife,
Salt Lake City, Utah



J. Louis Schricker, MD,*
IHC board vice chairman,
and neurosurgeon,
Salt Lake City, Utah



Robert H. Bischoff,*
IHC board secretary, and president
of Commercial Security Bank,

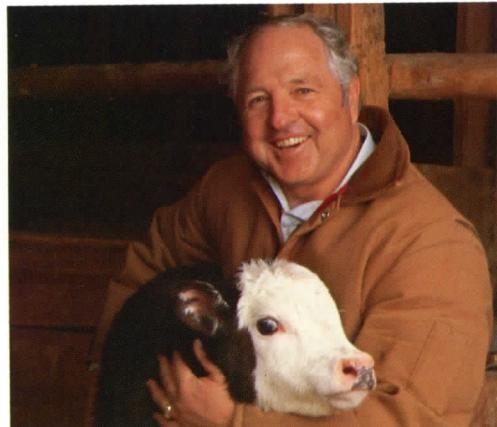
Ralph S. Blackham,
retired general manager,
Moroni Feed Company,
Moroni, Utah



Kem C. Gardner,
general partner, The Rover Company



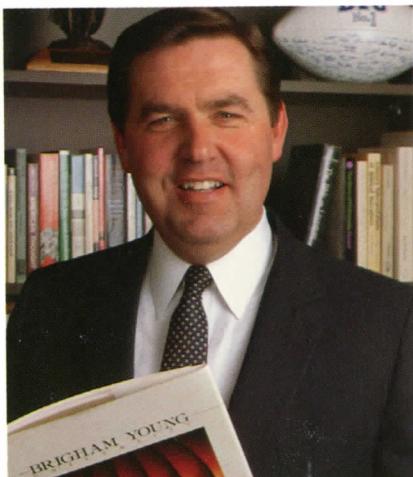
Deedee Corradini,
executive vice president,
Bonneville Group, and president,
Bonneville Associates,
Salt Lake City, Utah



Robert C. Hammond,
vice president,
Arnold Machinery Company,
Idaho Falls, Idaho



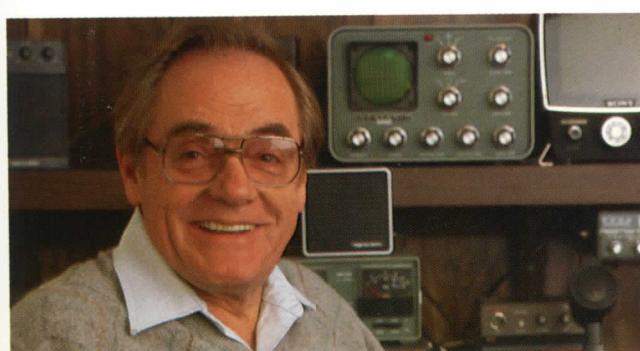
Jon M. Huntsman,
president,
Huntsman Chemical Corporation,
Salt Lake City, Utah



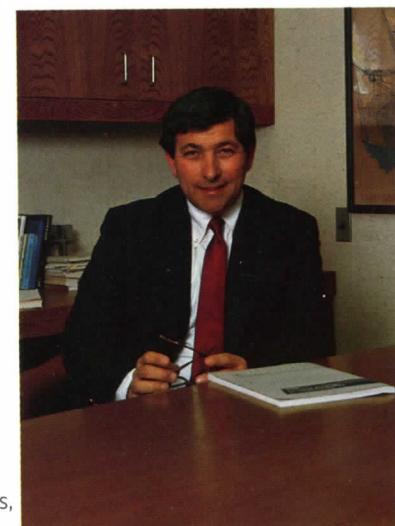
Spencer F. Eccles,
president, chairman and
chief executive officer,
First Security Corporation,
Salt Lake City, Utah



B. Z. Kastler,
board chairman,
Mountain Fuel Supply Company,
Salt Lake City, Utah



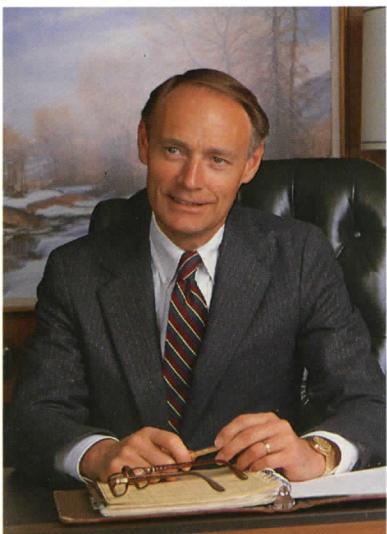
Jeffrey R. Holland,
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Brigham Young University,
Provo, Utah



Henry A. Huish,
retired general superintendent,
Geneva Works, United
Steel Corporation,
Provo, Utah

Lawrence S. Lewin
president, Lewin and Associates,
Washington, D.C.

Scott S. Parker,*
president,
Intermountain Health Care, Inc.,
Salt Lake City, Utah

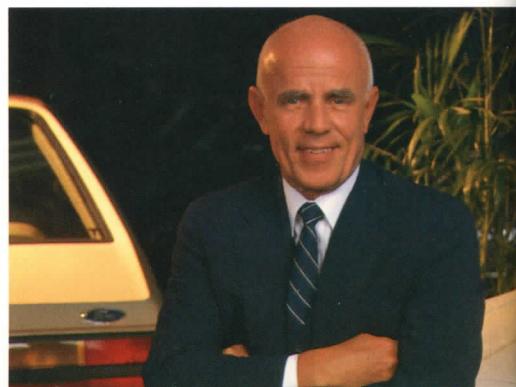


Chase N. Peterson,
president, The University of Utah,
Salt Lake City, Utah



Luana G. Searle,
elementary school principal,
Alpine School District,
American Fork, Utah

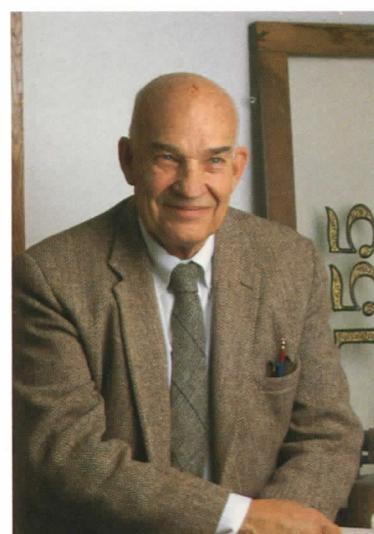
Richard L. Warner,
president,
R.L. Warner Enterprises,
Salt Lake City, Utah



Thales H. Smith, MD,
pediatrician, Provo, Utah



David E. Salisbury,
senior vice president,



Robert F. Weyher
retired chairman,
Weyher Construction,
Salt Lake City, Utah

The next 10 years hold both promise and challenge for Intermountain Health Care. As each of the programs and ventures mentioned in this report buds and grows, as our hospitals join forces to create a comprehensive health care network, as we reach out into the communities we serve, determine the needs

of the consumers and adapt even further to meet those needs, we will learn and grow and change. To guide us through this process, we have created a new mission statement, supported by a number of commitments. We will base our decisions and directions on these thoughts:



INTERMOUNTAIN HEALTH CARE, INC.

OUR MISSION

- Excellence in the provision of health care services to communities in the Western United States.

OUR COMMITMENTS

- **Excellent service** to our patients, customers and physicians is our most important consideration.
- We will provide our services with **integrity**. Our actions will enhance our reputation and reflect the **trust** placed in us by those we serve.
- **Our employees are our most important resource.** We will attract exceptional individuals at all levels of the organization and provide fair compensation and opportunities for personal and professional growth. We will recognize and reward employees who achieve excellence in their work.
- We are committed to **serving diverse needs** of the young and old, the rich and poor, and those living in urban and rural communities.
- We will reflect the **caring and noble** nature of our mission in all that we do. Our services must be high quality, cost-effective and accessible, achieving a balance between community needs and available resources.
- It is our intent to be a **model health care system**. We will strive to be a national leader in not-for-profit health care delivery.
- We will maintain the **financial strength** necessary to fulfill our mission.



INTERMOUNTAIN HEALTH CARE, INC.
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